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HOUSE BILL 409

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

William "Bill" R. Rehm

AN ACT

RELATING TO TAXATION; IMPOSING A HEALTH CARE SURTAX ON GROSS RECEIPTS FOR DISTRIBUTION TO THE BOARD OF REGENTS OF THE UNIVERSITY OF NEW MEXICO FOR THE UNIVERSITY OF NEW MEXICO HOSPITALS; TERMINATING THE AUTHORITY OF A COUNTY THAT RECEIVES DISTRIBUTIONS OF THE HEALTH CARE SURTAX TO IMPOSE A PROPERTY TAX LEVY FOR COUNTY HOSPITAL FUNDING; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Tax Administration Act is enacted to read:

"[NEW MATERIAL] DISTRIBUTION--UNIVERSITY OF NEW MEXICO--HEALTH CARE SERVICES.--A distribution pursuant to Section 7-1-6.1 NMSA 1978 of the net receipts attributable to the health care surtax shall be made as follows:

A. ninety-nine percent of the amount shall be

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1 distributed to the board of regents of the university of New
2 Mexico for the provision of health care services at the
3 university of New Mexico hospitals; and

4 B. one percent of the amount shall be distributed
5 to the Bernalillo county commission to oversee the expenditure
6 of funds distributed to the board of regents of the university
7 of New Mexico pursuant to Subsection A of this section and to
8 identify persons eligible for available health insurance plans
9 and enroll them in available insurance plans."

10 Section 2. A new section of the Gross Receipts and
11 Compensating Tax Act is enacted to read:

12 "[NEW MATERIAL] GROSS RECEIPTS--HEALTH CARE SURTAX.--The
13 gross receipts tax shall be increased by a surtax, hereby
14 imposed. The surtax is equal to five thirty-secondths of one
15 percent of gross receipts. The surtax may be referred to as
16 the "health care surtax". The department shall administer and
17 enforce collection of the health care surtax pursuant to the
18 provisions of the Tax Administration Act and the Gross Receipts
19 and Compensating Tax Act in the same manner as the gross
20 receipts tax."

21 Section 3. Section 4-48B-12 NMSA 1978 (being Laws 1981,
22 Chapter 83, Section 12, as amended) is amended to read:

23 "4-48B-12. TAX LEVIES AUTHORIZED.--

24 A. Except as provided in Subsection F of this
25 section, the county commissioners are authorized to impose a

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1 mill levy and collect annual assessments against the net
2 taxable value of the property in a county to pay the cost of
3 operating and maintaining county hospitals or to pay to
4 contracting hospitals in accordance with a health care
5 facilities contract and in class A counties to pay for the
6 county's transfer to the county-supported medicaid fund
7 pursuant to Section 27-10-4 NMSA 1978 as follows:

8 (1) in class A counties as defined in Section
9 4-44-1 NMSA 1978, the mill levy shall not exceed a rate of six
10 dollars fifty cents (\$6.50), or any lower maximum amount
11 required by operation of the rate limitation provisions of
12 Section 7-37-7.1 NMSA 1978 upon a mill levy imposed pursuant to
13 this paragraph, on each one thousand dollars (\$1,000) of net
14 taxable value of property allocated to the county; however, if
15 the county uses any portion, not to exceed one dollar fifty
16 cents (\$1.50), of the rate authorized by this paragraph to meet
17 the requirement of Section 27-10-4 NMSA 1978, the provisions of
18 Section 7-37-7.1 NMSA 1978 do not apply to the portion of the
19 rate necessary to produce the revenues required, provided that
20 the portion of the rate does not exceed one dollar fifty cents
21 (\$1.50); and

22 (2) in other counties, the mill levy shall not
23 exceed four dollars twenty-five cents (\$4.25), or any lower
24 maximum amount required by operation of the rate limitation
25 provisions of Section 7-37-7.1 NMSA 1978 upon a mill levy

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1 imposed pursuant to this paragraph, on each one thousand
2 dollars (\$1,000) of net taxable value of property allocated to
3 the county.

4 B. The mill levies provided in Paragraphs (1) and
5 (2) of Subsection A of this section shall be made at the
6 direction of the county commissioners, but only to the extent
7 that the county commissioners deem it necessary to operate and
8 maintain county hospitals, to pay the amounts required in the
9 performance of any health care facilities contracts made
10 pursuant to the Hospital Funding Act and to provide for a class
11 A county's transfer to the county-supported medicaid fund
12 pursuant to Section 27-10-4 NMSA 1978.

13 C. In the event that the mill levy provided for in
14 Paragraph (1) of Subsection A of this section is not authorized
15 by the electorate or the resulting mill levy proceeds are not
16 remitted to the entity operating the hospital within a
17 reasonable time period, any lease for operation of the hospital
18 between a county and a state educational institution named in
19 Article 12, Section 11 of the constitution of New Mexico may,
20 at the option of the state educational institution, be
21 terminated immediately. Except as provided in Subsection D of
22 this section, in the event that the mill levy provided for in
23 Paragraph (1) of Subsection A of this section is authorized, an
24 amount not less than the amount that would be produced by a
25 mill levy at the rate of four dollars (\$4.00), or any lower

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1 amount that would be required by operation of the rate
2 limitation provisions of Section 7-37-7.1 NMSA 1978 upon this
3 rate, on each one thousand dollars (\$1,000) of net taxable
4 value of property allocated to the county shall be provided
5 from the proceeds of the mill levy to the state educational
6 institution operating the hospital for hospital purposes unless
7 the institution determines that the amount is not necessary.

8 D. A class A county imposing the mill levy provided
9 for in Paragraph (1) of Subsection A of this section may enter
10 into a mutual agreement with a state educational institution
11 named in Article 12, Section 11 of the constitution of New
12 Mexico operating the hospital permitting the transfer to the
13 county-supported medicaid fund by the county pursuant to
14 Section 27-10-4 NMSA 1978 of not to exceed the amount that
15 would be produced by a mill levy at a rate of one dollar fifty
16 cents (\$1.50) applied to the net taxable value of property
17 allocated to the county for the prior property tax year and
18 also not to exceed the amount that would be produced by
19 imposition of the county health care gross receipts tax.

20 E. The distribution of the mill levy authorized at
21 the rates specified in Subsection A of this section shall be
22 made to county and contracting hospitals as authorized in the
23 Hospital Funding Act.

24 F. A mill levy authorized by this section shall not
25 be imposed or take effect on or after January 1, 2009 in a

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1 class A county having a population of more than five hundred
2 thousand persons according to the most recent federal decennial
3 census that receives distributions of the health care surtax.
4 A mill levy imposed and in effect prior to January 1, 2009 in
5 such a county shall cease to have effect after December 31,
6 2008; provided, however, that amounts calculated as owed with
7 respect to the 2008 property tax year shall remain in effect
8 and be collected."

9 Section 4. EFFECTIVE DATE.--The effective date of the
10 provisions of this act is January 1, 2009.